

DBEDT
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
STATE OF HAWAII



QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary June 2002

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before June 20, 2002.

On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire *QSER* had been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser/index.html> and a *QSER Executive Summary* at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

This report has been catalogued as follows:

Hawaii. Dept. of Business, Economic Development and Tourism. Research and Economic Analysis Division.

Quarterly statistical and economic report-State of Hawaii. Honolulu: 1975-

Quarterly.

Hawaii-Statistics.

HA4007.H359

STATE OF THE ECONOMY

The first quarter of 2002 continued to show the effects of the extraordinary events of September 2001, but there were also signs that the recovery, which began toward the end of 2001, was gaining strength. At the beginning of the fourth quarter, visitors were arriving at a rate 30 percent lower than usual and unemployment was increasing. For the first quarter of 2002, this decrease in arrivals had been cut to 11 percent and the U. S. West market had even turned positive over the first quarter of 2001. Job growth and tax collections did not show the same response to the generally more settled conditions.

Hawaii's civilian employment was the same in the first quarter of 2002 as it was in the first quarter of 2001. The unemployment rate declined from 5.3 percent to 4.6 percent from the fourth quarter of 2001 to the first quarter of 2002.

The number of non-agricultural wage and salary jobs were down 1.2 percent measured year-to-year for the first quarter. Three industries accounted for most of the job losses between the first quarters of 2002 and 2001: Retail Trade down 4,450 jobs, Transportation down 3,950 jobs, and Hotel jobs down 2,650 jobs. These amounted to 3.8 percent, 12.0 percent and 6.7 percent decreases respectively.

Personal income rose 2.2 percent in the fourth quarter of 2001 compared to the fourth quarter of 2000, the period for which the most recent data are available. This represented only a small (0.2 percent) decrease from the previous quarter. Transfer payments showed the highest rate of increase (7.9 percent) followed by other labor income (3.6 percent), wages and salaries (1.8 percent), and proprietors' income (0.9 percent). Growth was slightly

negative for dividends, interest, and rent (-0.2 percent). Some industries saw year-to-year quarterly increases in earnings, but Manufacturing, Transportation, and Trade saw decreases.

Tax revenues distributed to the State general fund were down 7.7 percent for the first quarter of 2002 over the first quarter of 2001. Some of the revenue decrease may be due to the increased filing thresholds granted by Act 8 of the 2001 Special Session. Revenues from the individual income tax increased 0.2 percent in the first quarter of 2002 over the same quarter in 2001, but the general excise and use tax (GET) revenues fell by 9.4 percent over the same period. Transient Accommodations Tax (TAT) revenues decreased 24.3 percent.

The number of visitors arriving by air was down 11.0 percent from the first quarter of 2001 in the first quarter of 2002. This is about 190,000 fewer visitors arrivals than in the first quarter of 2001. Average daily visitor census numbers were down 8.8 percent in the first quarter. Hotel occupancy rates also dropped, decreasing from 80.5 percent in the first quarter of 2001 to 70.8 percent in the first quarter of 2002.

Indicators of Hawaii construction industry activity were mixed in the first quarter of 2002. The contracting tax base decreased by 0.7 percent while government contracts awarded increased 4.9 percent in the first quarter of 2002 compared to last year's first quarter level. Construction jobs were up a modest 0.4 percent.

Hawaii bankruptcy filings decreased by 5.3 percent in the first quarter of 2002. In contrast, U.S. bankruptcy filings increased 3.3 percent.

ADOPTION OF BEA GROSS STATE PRODUCT SERIES

With this June 2002 issue of the *QSER*, DBEDT adopts the Hawaii Gross State Product (GSP) estimates published by the U.S. Bureau of Economic Analysis (BEA) of the Department of Commerce for use in our quarterly forecast. The BEA GSP series for Hawaii now replaces the DBEDT GSP series of both nominal and real GSP.

DBEDT decided to make this change for two major reasons. First, BEA has improved its estimates of GSP. When the “Hawaii Income and Expenditure Accounts” project was begun in 1960 by the Economic Research Center of the University of Hawaii, it was a pioneering effort. At that time, BEA did not produce income and product accounts for individual states, only for the nation as a whole. When BEA began estimating GSP in 1988, DBEDT’s Research and Economic Analysis Division (READ) had taken over ERC’s responsibility for producing Hawaii’s GSP estimates and believed that its knowledge of the local economy and local data was superior to BEA’s data and understanding. BEA has since improved its estimates, using its greater manpower, expertise, and access to unpublished data.

Second, comparison of recent BEA and DBEDT estimates of the annual growth of Hawaii GSP showed them to be sufficiently similar that conclusions about the state of Hawaii’s economy would not be greatly altered by using one estimate or the other. Figure 1A below shows annual growth rates of real GSP derived from BEA and DBEDT estimates. As can be seen from the chart, the DBEDT series shows Hawaii to be in recession for 4 years during the 1990s while the BEA series shows Hawaii in recession for 5 years. Some of the difference between the two GSP series is the

result of BEA and DBEDT using different deflator series to estimate real GSP. The direction and magnitude of the movements of the real BEA series are acceptable as they are sufficiently similar to our understanding of how the Hawaii economy has performed.

BEA’s quantity indexes, which are used to estimate real Hawaii GSP, reflect Hawaii’s mix of industry outputs, but are based on national, rather than state-specific, prices. This is done because of the large cost of gathering such information on a state level but also because, in a single national economy it is reasonable to expect price changes affecting output to be similar across the nation.

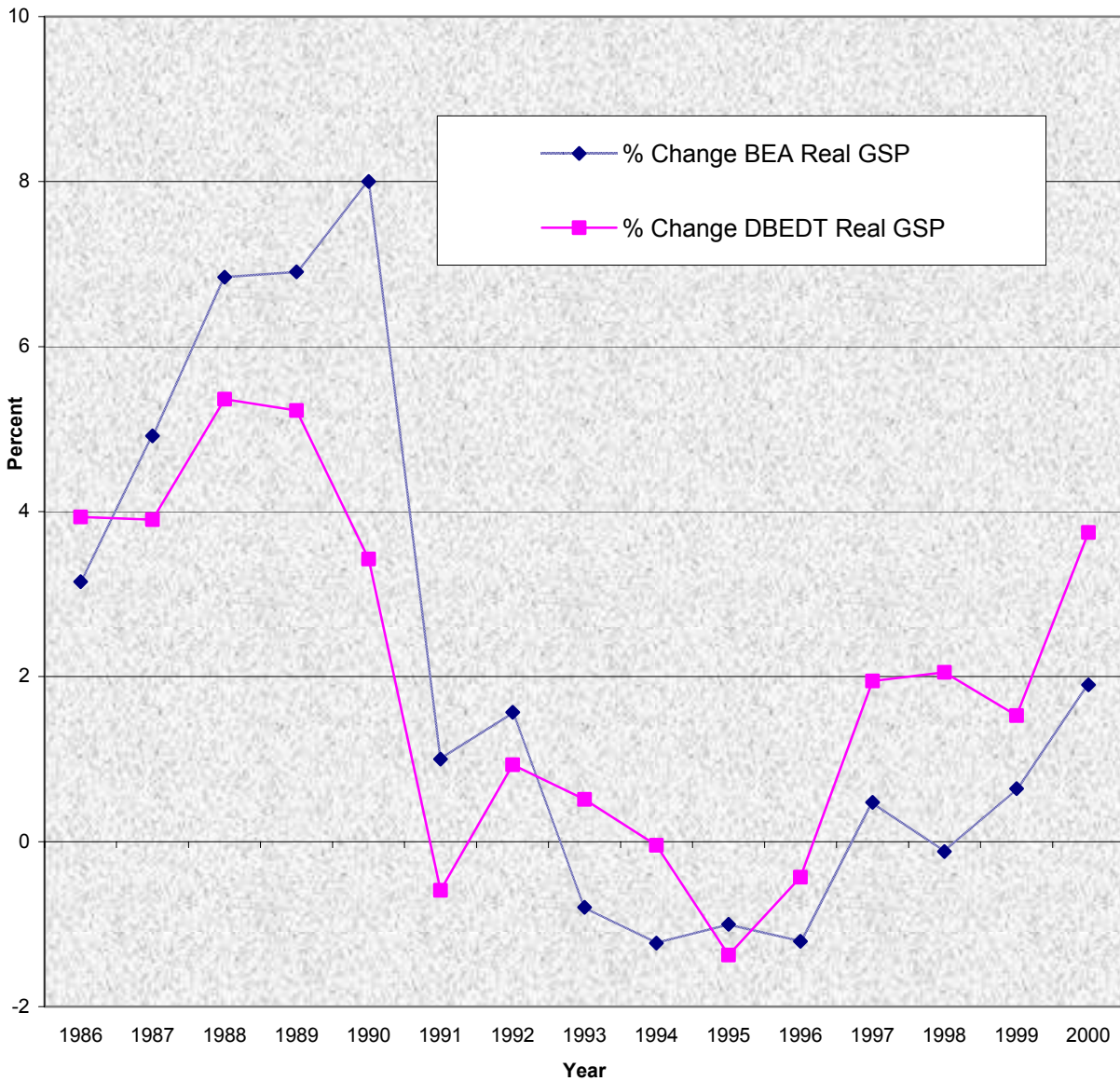
Alternative measures for the GSP deflator such as the Honolulu CPI were rejected as being less suitable. The Honolulu CPI has the unique characteristic of being based on a survey of Honolulu prices. However, several negative factors including substitution bias and inconsistency of methodology were felt to out-weigh the value of its local content. It is also not an appropriate deflator of output since it measures consumer costs not production costs. BEA’s deflator series was selected as the best of imperfect solutions.

DBEDT intends to actively review and evaluate the BEA GSP estimates with a view toward identifying anomalies and providing BEA with information to improve its ability to accurately estimate the annual output of Hawaii’s economy. DBEDT also plans to produce estimates of major categories of GSP expenditures.

For additional information, see U.S. Bureau of Economic Analysis <http://www.bea.doc.gov/bea/regional/gsp/>.

**Figure 1A: Comparison of BEA and DBEDT Real GSP
Estimates: 1986-2000**

[percent change from year previous]



Source: U.S. Bureau of Economic Analysis, Gross State Product, By Industry: 1977-2000, June 10, 2002
<http://www.bea.doc.gov/bea/regional/gsp/> ; and Hawaii State Department of Business, Economic Development & Tourism.

OUTLOOK FOR THE ECONOMY

The gains made in Hawaii's economic performance in the first quarter of 2002 provide the basis for cautious optimism for the future. Visitor arrivals continue to climb toward their previous level, civilian employment and jobs growth have stabilized, and construction has not fallen off. It is from this relatively positive position that the outlook is made.

It should be noted that current forecasts assume that military and domestic security issues will continue to be addressed effectively and that catastrophic events will not retard the economic recovery. With that in mind, it appears that the outlook for Hawaii's economy is continuing to improve.

Hawaii's recovery is expected to be a function of the recovery of its visitor markets and of U. S. and international economic performance. Consensus projections of U.S. economic performance have become increasingly optimistic during the first half of 2002. The Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, has increased the forecast for growth in real U.S. GDP in 2002 from 1.1 percent forecast in January to 2.8 percent in the June issue. The Blue Chip Forecast for real U.S. GDP in 2003 is 3.6 percent.

The prospects for Japan, however, are not as hopeful. Japan's real GDP declined at a 0.4 percent rate in 2001. For 2002, the Blue Chip forecast expects Japan's

economy to show a further 1.0 percent decline in GDP recovering to a 1.0 increase in real GDP in 2003.

In the absence of any new shocks to the confidence of travelers, Hawaii visitor counts are expected to continue to improve. In 2002, total visitor arrivals are predicted to grow 3.5 percent and visitor expenditures are forecast to increase 3.4 percent from their depressed state during 2001, but these gains would not bring total arrivals for the year 2002 back to 2000 levels.

Total wage and salary jobs in the state are now expected to finish 2002 at 0.3 percent below the 2001 total. After inflation, Real Personal Income is forecast to show a 1.5 percent increase while real GSP is expected to grow by 1.7 percent. The inflation rate is projected to remain below 2 percent for the next two years. The GSP deflator, which is estimated, based on the Blue Chip U.S. GDP projection, is forecast to reach 2.2 percent in 2003 and then decline.

The forecast expects all sectors of the state's economy to attain pre-September 11th levels or better by the second half of 2003. Visitor arrivals are forecast to increase by about 6.3 percent in 2003 and bring the total visitor count for the year back up to the year 2000 level. This will help the overall job count manage a 2.2 percent increase for 2003.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:
2000 TO 2005**

Economic Indicators	2000 (Actual)	2001 (Actual)	2002 (Forecast)	2003 (Forecast)	2004 (Forecast)	2005 (Forecast)
Total population (thousands)	1,212.3	1,224.4	1,236.6	1,249.0	1,261.5	1,274.1
Visitor arrivals (thousands)	6,948.6	6,313.7	6,534.7	6,946.4	7,120.0	7,283.8
Visitor expenditures (million dollars)	10,918.1	10,140.0	10,486.4	11,282.0	11,761.1	12,263.5
Honolulu CPI-U (1982-84=100)	176.3	178.4	180.7	183.8	187.3	190.9
Personal income (million dollars)	33,763.2	34,960.9	35,951.1	37,258.4	38,711.5	40,182.5
Personal income (\$1996 million)	32,690.7	33,451.9	33,962.0	34,604.0	35,282.4	35,939.5
Total wage & salary jobs (thousands)	559.2	561.0	559.3	571.6	583.0	594.7
Gross state product (million dollars)	42,364.0	44,186.9 p	45,602.6	47,176.3	48,969.0	50,780.9
Real gross state product (\$1996 million)	38,582.9	39,223.3 p	39,803.3	40,290.5	40,961.3	41,644.0
Gross state product deflator (1996=100)	109.8	112.7 p	114.6	117.1	119.5	121.9
Annual Percentage Change						
Total population (thousands)	0.2	1.0	1.0	1.0	1.0	1.0
Visitor arrivals (thousands)	3.1	-9.1	3.5	6.3	2.5	2.3
Visitor expenditures (million dollars)	6.2	-7.1	3.4	7.6	4.2	4.3
Honolulu CPI-U (1982-84=100)	1.7	1.2	1.3	1.7	1.9	1.9
Personal income (million dollars)	4.1	3.5	2.8	3.6	3.9	3.8
Personal income (\$1996 million)	2.3	2.3	1.5	1.9	2.0	1.9
Total wage & salary jobs (thousands)	3.0	0.3	-0.3	2.2	2.0	2.0
Gross state product (million dollars)	4.6	4.3 p	3.2	3.5	3.8	3.7
Real gross state product (\$1996 million)	1.9	1.7 p	1.5	1.2	1.7	1.7
Gross state product deflator (1996=100)	2.7	2.6 p	1.7	2.2	2.1	2.0

p Preliminary.

Source: Hawaii State Department of Business, Economic Development & Tourism, June 25, 2002.

COUNTY ECONOMIC CONDITIONS

The four counties were affected differently by the economic dislocations of the September 11th attacks and their recoveries are also proceeding at different rates.

Labor force continued to grow in two counties and declined in two counties. For the first quarter 2002 over the first quarter of 2001 the City and County of Honolulu grew 0.6 percent (Table 2) and Maui County grew 1.7 percent (Table 4). During that period Hawaii County labor force decreased by 0.1 percent (Table 3) and Kauai County decreased 0.2 percent (Table 5).

Civilian employment grew in the Neighbor Island counties and fell in the City and County of Honolulu. Employment was up 0.5 percent on Hawaii, 0.9 percent on Maui, and 0.7 percent on Kauai. Employment fell 0.3 percent in the City and County of Honolulu in the first quarter of 2002. From the first quarter of 2001 to the first quarter of 2002, the unemployment rate increased by 0.8 percentage points in both Honolulu and on Maui to 4.3 and 4.8 percent respectively. On Hawaii the unemployment rate decreased 0.6 percentage points to 5.6 percent and on Kauai it decrease 0.8 percentage points to 6.1 percent.

During the first quarter of 2002, total wage and salary jobs followed the same pattern as the fourth quarter of 2001, growing on Hawaii and Kauai and declining on Oahu and Maui. Hawaii County and Kauai Count both had job growth of 0.4 percent. Maui's job count fell by 0.3 percent and Honolulu's jobs dropped 1.6 percent.

In the City and County of Honolulu, private sector non-ag jobs were down in all reported sectors except Finance, Insurance

and Real Estate (F.I.R.E.) (0.9 percent), Health Services (1.5 percent) and Business Services (1.3 percent). State Government jobs were up 6.9 percent.

Hawaii County job growth was high in Health Services which increased about 250 jobs or 8.3 percent. Business services jobs grew 2.4 percent, F.I.R.E. jobs increased by 2.2 percent, construction jobs grew by 1.6 percent, and government added 4.5 percent. Most other sectors were down for the quarter.

Kauai County followed the general pattern for the first quarter of 2002 of losing non-agricultural jobs in Transportation, Communication and Utilities (2.8 percent); Retail Trade (2.2 percent); and Hotels (5.1 percent). However, Kauai had overall positive job growth for the quarter due to growth in Services, especially Business Services (8.3 percent).

Maui County's first quarter 2002 job decline was also spread across most sectors. Running counter to the downtrend were Construction up 3.4 percent, Health Services up 4.1 percent, and Business Services up 5.0 percent.

Visitor arrivals were below their first quarter 2001 levels in all counties during the first quarter of 2002. Arrivals declined the most in the City and County of Honolulu (15.2 percent) and declined the least in Hawaii County (4.7 percent).

General excise tax revenues were also negative in all four counties in the first quarter. Honolulu GET revenues were down 10.2 percent, Hawaii down 4.9 percent, Maui County GET revenues were down 8.7 percent. Kauai GET revenues were down 0.5 percent.

Table 1. 2002 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII

SERIES	UNIT	1st QUARTER 2002		2001	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	603,650	0.6	605,500	1.7
Civilian employment	Persons	575,800	0.0	577,450	1.3
Civilian unemployment	Persons	27,800	14.4	28,100	10.2
Unemployment rate 2/	%	4.6	0.6	4.6	0.3
Total wage & salary jobs 1/	Jobs	555,250	-1.2	560,950	0.3
Total non-agric. wage & salary jobs	Jobs	547,700	-1.2	553,550	0.4
Contract construction	Jobs	23,900	0.4	23,700	-0.4
Manufacturing	Jobs	17,550	-1.4	17,850	2.3
Transport., comm., utilities	Jobs	38,600	-10.1	42,050	-0.5
Trade	Jobs	132,150	-3.8	136,250	-0.5
Retail	Jobs	112,050	-3.8	115,550	0.2
Finance, insur., & real estate	Jobs	32,850	1.4	32,700	-1.4
Services & miscellaneous	Jobs	183,950	-1.0	186,100	1.7
Hotels	Jobs	36,850	-6.7	38,650	0.1
Health	Jobs	37,650	2.3	37,150	1.5
Business	Jobs	31,350	1.6	31,250	2.8
Government	Jobs	118,750	3.7	114,950	0.3
Federal	Jobs	29,850	-1.2	30,050	-2.9
State	Jobs	72,150	6.3	68,150	1.8
Local	Jobs	16,750	2.1	16,700	0.0
Agriculture wage & salary jobs 1/	Jobs	7,550	3.4	7,400	-5.7
State general fund revenues	\$1,000	761,922	-7.7	3,172,251	3.4
General excise and use tax revenues	\$1,000	395,795	-9.4	1,660,764	3.1
Income-individual	\$1,000	266,388	0.2	1,100,317	1.8
Declaration of estimated taxes	\$1,000	57,223	3.2	219,957	0.9
Payment with returns	\$1,000	16,571	49.6	103,719	10.8
Withholding tax on wages	\$1,000	263,733	-2.2	1,025,350	1.3
Refunds	\$1,000	71,139	1.0	248,709	2.3
Transient accommodations tax	\$1,000	35,919	-24.3	174,602	-0.4
Visitor arrivals by air 3/	Persons	1,533,603	-11.0	6,313,659	-9.1
Domestic flight visitors	Persons	1,042,005	-3.5	4,218,374	-5.1
International flight visitors	Persons	491,598	-23.7	2,095,285	-16.2
Hotel occupancy rates 2/	%	70.8	-9.9	69.6	-6.3

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2002 SELECTED ECONOMIC ACTIVITIES:
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	1st QUARTER 2002		2001	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	428,600	0.6	429,250	1.3
Civilian employment	Persons	410,200	-0.3	411,750	1.0
Civilian unemployment	Persons	18,400	23.9	17,500	10.1
Unemployment rate 2/	%	4.3	0.8	4.1	0.3
Total wage & salary jobs 1/	Jobs	408,900	-1.6	413,900	-0.1
Total non-agric. wage & salary jobs	Jobs	406,800	-1.5	411,600	-0.1
Contract construction	Jobs	16,750	-0.9	16,650	-2.9
Manufacturing	Jobs	13,800	-0.4	14,000	3.3
Transport., comm., utilities	Jobs	29,600	-12.2	32,950	-0.5
Trade	Jobs	94,550	-4.2	97,800	-1.5
Retail	Jobs	78,650	-4.1	81,300	-0.6
Finance, insur., & real estate	Jobs	26,600	0.9	26,500	-1.1
Services & miscellaneous	Jobs	130,500	-1.1	131,950	1.2
Hotels	Jobs	14,900	-10.5	16,100	-1.8
Health	Jobs	30,250	1.5	30,000	1.0
Business	Jobs	26,550	1.3	26,350	2.9
Government	Jobs	95,000	3.7	91,800	0.2
Federal	Jobs	27,900	-1.4	28,150	-2.6
State	Jobs	55,650	6.9	52,250	1.8
Local	Jobs	11,450	1.8	11,400	-0.4
Agriculture wage & salary jobs 1/	Jobs	2,100	-8.7	2,300	2.2
General excise and use tax revenues	\$1,000	321,229	-10.2	1,359,654	2.6
Income-individual	\$1,000	232,486	1.9	955,080	1.7
Declaration of estimated taxes	\$1,000	38,435	1.3	163,307	2.6
Payment with returns	\$1,000	14,149	60.7	78,085	9.2
Withholding tax on wages	\$1,000	233,179	-1.4	898,960	0.9
Refunds	\$1,000	53,276	-3.3	185,273	1.5
Transient accommodations tax	\$1,000	25,631	-28.3	131,319	1.4
Visitor arrivals by air 3/	Persons	999,448	-15.2	4,268,937	-9.5
Domestic flight visitors	Persons	583,335	-2.7	2,376,536	-4.4
International flight visitors	Persons	416,113	-28.2	1,892,401	-15.3
Hotel occupancy rates 2/	%	71.0	-9.9	68.8	-6.8

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 3. 2002 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY

SERIES	UNIT	1st QUARTER 2002		2001	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	71,300	-0.1	72,250	3.2
Civilian employment	Persons	67,300	0.5	67,300	3.0
Civilian unemployment	Persons	4,000	-9.1	4,950	6.5
Unemployment rate 2/	%	5.6	-0.6	6.8	0.1
Total wage & salary jobs 1/	Jobs	56,850	0.4	57,000	1.9
Total non-agric. wage & salary jobs	Jobs	54,350	0.8	54,350	2.0
Contract construction	Jobs	3,100	1.6	3,100	10.7
Manufacturing	Jobs	1,600	-3.0	1,600	-3.0
Transport., comm., utilities	Jobs	2,800	-1.8	2,800	0.0
Trade	Jobs	13,400	-1.5	13,600	0.0
Retail	Jobs	11,200	-2.2	11,400	-0.4
Finance, insur., & real estate	Jobs	2,300	2.2	2,250	-4.3
Services & miscellaneous	Jobs	19,750	-0.5	19,950	4.5
Hotels	Jobs	7,000	-2.8	7,150	2.9
Health	Jobs	3,250	8.3	3,100	3.3
Business	Jobs	2,100	2.4	2,150	4.9
Government	Jobs	11,500	4.5	11,100	1.4
Federal	Jobs	1,050	5.0	1,000	0.0
State	Jobs	8,150	4.5	7,800	2.0
Local	Jobs	2,300	2.2	2,300	0.0
Agriculture wage & salary jobs 1/	Jobs	2,500	-9.1	2,650	0.0
General excise and use tax revenues	\$1,000	29,883	-4.9	116,266	8.1
Income-individual	\$1,000	16,406	3.2	61,672	8.0
Declaration of estimated taxes	\$1,000	8,139	14.1	21,893	1.6
Payment with returns	\$1,000	985	-3.7	10,203	10.3
Withholding tax on wages	\$1,000	13,357	-3.9	52,724	7.5
Refunds	\$1,000	6,075	-1.4	23,148	2.0
Transient accommodations tax	\$1,000	2,945	-3.5	10,584	1.8
Visitor arrivals by air 3/	Persons	310,535	-4.7	1,183,005	-6.7
Domestic flight visitors	Persons	226,377	-2.5	869,915	-6.0
International flight visitors	Persons	84,158	-10.4	313,090	-8.6
Hotel occupancy rates 2/	%	67.5	-11.3	64.3	-6.5

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

Table 4. 2002 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY

SERIES	UNIT	1st QUARTER 2002		2001	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	74,400	1.7	74,200	2.6
Civilian employment	Persons	70,800	0.9	70,650	1.9
Civilian unemployment	Persons	3,600	22.0	3,500	14.8
Unemployment rate 2/	%	4.8	0.8	4.8	0.6
Total wage & salary jobs 1/	Jobs	63,250	-0.3	63,550	1.8
Total non-agric. wage & salary jobs	Jobs	61,050	-1.3	61,800	2.1
Contract construction	Jobs	3,000	3.4	2,900	3.6
Manufacturing	Jobs	1,750	-5.4	1,800	2.9
Transport., comm., utilities	Jobs	4,450	-3.3	4,550	0.0
Trade	Jobs	16,900	-4.0	17,450	4.8
Retail	Jobs	15,450	-4.3	15,950	5.3
Finance, insur., & real estate	Jobs	2,800	0.0	2,800	-3.4
Services & miscellaneous	Jobs	24,000	-1.8	24,350	1.5
Hotels	Jobs	11,200	-4.7	11,500	0.4
Health	Jobs	2,550	4.1	2,500	4.2
Business	Jobs	2,100	5.0	2,150	0.0
Government	Jobs	8,150	4.5	7,950	1.3
Federal	Jobs	550	0.0	550	-8.3
State	Jobs	5,650	4.6	5,450	1.9
Local	Jobs	1,900	2.7	1,900	0.0
Agriculture wage & salary jobs 1/	Jobs	2,250	40.6	1,750	-10.3
General excise and use tax revenues	\$1,000	32,742	-8.7	137,826	2.3
Income-individual	\$1,000	13,566	-12.6	59,344	-3.8
Declaration of estimated taxes	\$1,000	8,307	11.3	25,297	-8.1
Payment with returns	\$1,000	1,047	24.2	9,539	10.0
Withholding tax on wages	\$1,000	12,647	-11.7	54,127	2.6
Refunds	\$1,000	8,435	18.6	29,619	8.8
Transient accommodations tax	\$1,000	5,180	-24.1	24,705	-14.9
Visitor arrivals by air 3/	Persons	530,591	-7.2	2,096,289	-9.0
Domestic flight visitors	Persons	414,400	-3.6	1,679,490	-8.5
International flight visitors	Persons	116,191	-18.0	416,799	-11.3
Hotel occupancy rates 2/ 4/	%	74.1	-9.5	73.8	-7.1

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary. County-level data not yet revised

4/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by
Hawaii State Department of Business, Economic Development & Tourism.

Table 5. 2002 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY

SERIES	UNIT	1st QUARTER 2002		2001	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,300	-0.2	29,850	1.5
Civilian employment	Persons	27,500	0.7	27,750	0.9
Civilian unemployment	Persons	1,800	-12.2	2,100	10.5
Unemployment rate 2/	%	6.1	-0.8	7.0	0.5
Total wage & salary jobs 1/	Jobs	26,200	0.4	26,400	-0.2
Total non-agric. wage & salary jobs	Jobs	25,500	0.2	25,750	1.0
Contract construction	Jobs	1,050	5.0	1,000	0.0
Manufacturing	Jobs	450	0.0	450	-10.0
Transport., comm., utilities	Jobs	1,750	-2.8	1,800	2.9
Trade	Jobs	7,250	-2.0	7,400	-0.7
Retail	Jobs	6,750	-2.2	6,900	0.0
Finance, insur., & real estate	Jobs	1,150	4.5	1,100	0.0
Services & miscellaneous	Jobs	9,700	0.5	9,800	2.1
Hotels	Jobs	3,700	-5.1	3,850	1.3
Health	Jobs	1,600	3.2	1,550	6.9
Business	Jobs	650	8.3	650	8.3
Government	Jobs	4,150	1.2	4,150	1.2
Federal	Jobs	400	0.0	400	-11.1
State	Jobs	2,700	1.9	2,650	1.9
Local	Jobs	1,100	4.8	1,100	4.8
Agriculture wage & salary jobs 1/	Jobs	650	0.0	650	-31.6
General excise and use tax revenues	\$1,000	11,941	-0.5	47,018	7.2
Income-individual	\$1,000	3,929	-38.3	24,221	6.5
Declaration estimated taxes	\$1,000	2,342	-20.5	9,459	-3.9
Payment with returns	\$1,000	389	-3.4	5,893	40.0
With holding tax on wages	\$1,000	4,551	-11.0	19,539	0.8
Refunds	\$1,000	3,352	60.5	10,670	-0.3
Transient accommodations tax	\$1,000	2,163	20.1	7,994	23.7
Visitor arrivals by air 3/	Persons	236,014	-7.5	1,004,696	-6.5
Domestic flight visitors	Persons	191,142	-6.1	838,293	-5.2
International flight visitors	Persons	44,872	-12.9	166,403	-12.6
Hotel occupancy rates 2/	%	65.7	-7.6	70.3	-4.1

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

A. LABOR FORCE AND JOBS

Hawaii's civilian employment was the same in the first quarter of 2002 as it was in the first quarter of 2001, 575,800 persons employed (Table A-2). This lack of growth in employment follows the negligible employment growth in the fourth quarter of 2001.

Civilian labor force continued to grow, however, increasing by 0.6 percent or 3,550 workers over the first quarter of 2001 (Table A-1). This was still a drop from the all-time high Hawaii labor force in the last quarter of 2001.

The number of unemployed was 3,500 or 14.4 percent greater than the first quarter of 2001 reflecting the larger labor force and stable employment level (Table A-3). The unemployment rate declined from 5.3 percent to 4.6 percent from the fourth quarter of 2001 to the first quarter of 2002 (Table A-4). The first quarter rate of 4.6 percent was 0.6 percentage points higher than that of the first quarter of 2001.

The number of non-agricultural wage and salary jobs were down 1.2 percent measured year-to-year for the first quarter (Table A-6).¹ Three industries accounted for most of the job losses between the first quarters of 2002 and 2001: Retail Trade down

4,450 jobs (Table A-12), Transportation down 3,950 jobs (Table A-9), and Hotel jobs down 2,650 jobs (Table A-16). These amounted to 3.8 percent, 12.0 percent and 6.7 percent decreases respectively.

Several other industries showed negative job growth in the first quarter of 2002 compared to the same period in 2001. Jobs declined in Manufacturing (-1.4 percent, Table A-8); Communication (-5.4 percent, Table A-10); Utilities (-1.5 percent, Table A-11); and Wholesale Trade (-3.6 percent, Table A-13). In the private sector, jobs increased in Construction, 0.4 percent; Finance, Insurance and Real Estate, 1.4 percent; Health Services, 2.3 percent; Business Services, 1.6 percent; and Agriculture, 3.4 percent (Table 1).

Total government jobs increased by 3.7 percent in the first quarter of 2002. Federal government jobs fell 1.2 percent from the first quarter of 2001 (Table A-17). State government jobs increased significantly from the first quarter of 2001 to the first quarter of 2002 both in number, 4,250, and in percent, 6.3 (Table A-18). More than 80 percent of this increase can be attributed to hiring by the Department of Education and the University. Local government jobs also increased but only by 2.1 percent or 350 jobs (Table A-19).

¹ The job count by industry figures for 2000 and 2001 were revised by the Department of Labor and Industrial Relations in February 2002.

Table A-5. TOTAL WAGE AND SALARY JOBS

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
Number of Jobs					
1982	410,650	412,700	409,850	409,450	410,700
1983	413,450	414,750	419,700	421,700	417,400
1984 1/	419,600	425,750	422,300	426,300	422,900
1985	429,750	434,200	438,200	442,500	436,150
1986	442,700	445,750	448,950	457,450	448,700
1987	461,900	469,500	469,750	480,900	470,500
1988	480,150	486,600	487,250	498,150	488,050
1989	504,700	512,800	514,150	528,800	515,100
1990	528,850	537,950	536,150	548,700	537,950
1991	546,750	546,650	546,250	555,100	548,700
1992	552,300	554,000	548,350	553,700	552,100
1993	548,850	551,800	541,100	548,150	547,450
1994	543,450	546,050	538,900	548,300	544,200
1995	543,100	543,150	533,350	540,900	540,150
1996	538,400	538,850	533,350	541,950	538,150
1997	539,700	540,200	533,850	541,100	538,700
1998	537,000	540,450	535,550	542,350	538,800
1999	535,300	541,950	540,750	552,950	542,750
2000	550,250	559,850	557,600	569,200	559,200
2001	561,900	565,050	559,100	557,800	560,950
2002	555,250	(NA)	(NA)	(NA)	(NA)
Percentage Change from the Same Period in Previous Year					
1982	-1.3	-1.5	-1.5	-1.1	-1.4
1983	0.7	0.5	2.4	3.0	1.6
1984 1/	1.5	2.7	0.6	1.1	1.3
1985	2.4	2.0	3.8	3.8	3.1
1986	3.0	2.7	2.5	3.4	2.9
1987	4.3	5.3	4.6	5.1	4.9
1988	4.0	3.6	3.7	3.6	3.7
1989	5.1	5.4	5.5	6.2	5.5
1990	4.8	4.9	4.3	3.8	4.4
1991	3.4	1.6	1.9	1.2	2.0
1992	1.0	1.3	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.3	-1.0	-0.8
1994	-1.0	-1.0	-0.4	0.0	-0.6
1995	-0.1	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.8	0.0	0.2	-0.4
1997	0.2	0.3	0.1	-0.2	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	1.0	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.0
2001	2.1	0.9	0.3	-2.0	0.3
2002	-1.2	(NA)	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by the Hawaii State Department of Business, Economic Development & Tourism from the Hawaii State Department of Labor & Industrial Relations monthly rounded data

1/ Quarterly data contain monthly unrevised numbers.

Source: Hawaii State Department of Labor & Industrial Relations.

B. INCOME AND PRICES

Growth in Hawaii personal income slowed somewhat during the fourth quarter of 2001 (the period for which the latest data are available) measured over the fourth quarter of 2000. Transfer payments showed the highest rate of increase followed by other labor income, wages and salaries, and proprietors' income. Growth was slightly negative for dividends, interest, and rent. Some industries saw year-to-year quarterly increases in earnings, but Manufacturing, Transportation, and Trade saw decreases (Table B-1).

Personal income rose 2.2 percent in the fourth quarter of 2001 compared to the fourth quarter of 2000 (Table B-2), but was down 0.2 percent from the previous quarter. Wage and salary growth was moderate, reflecting the layoffs following the Sept. 11th attacks. Wages and salaries rose over 350 million dollars or 1.8 percent in the fourth quarter of 2001 (Table B-3). Wages and salaries account for about 57 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, rose by 3.6 percent in the fourth quarter of 2001 compared to 2000 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by just 0.9 percent in the fourth quarter of 2001 compared to the fourth quarter of 2000 (Table B-5).

Dividends, interest, and rent declined by 0.2 percent in the fourth quarter of 2001 (Table B-6). Transfer payments grew by more than \$325 million or 7.9 percent for the quarter (Table B-7).

The private sector had mixed earnings results. Earnings increased in Finance, Insurance and Real Estate (FIRE) and Services, but decreased in Transportation and Public Utilities, Manufacturing and Trade. In dollar terms, the largest increases came in FIRE with a \$134 million increase, 6.9 percent followed by services, 1.3 percent (Table B-1). Earnings declined by \$70 million or 7.9 percent in Wholesale Trade and down \$55 million or 2.8 percent in Transportation and Public Utilities.

Earnings increased by 5.1 percent in the public sector, largely because of the 7.4 percent increase in the federal military component. Earnings from State and Local Government increased by 4.9 percent.

The inflation rate remained low in Hawaii during the second half of 2001. The Honolulu consumer price index rose by only 1.1 percent in the second half of 2001 compared to the same period in 2000 (Table B-9). This was lower than was expected for Honolulu and also lower than the 2.3 percent inflation experienced on the Mainland during the period.

Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Fourth Quarter 2000	Annual average 2000	Third Quarter 2001	Fourth Quarter 2001	Annual average 2001	To Fourth Quarter 2001 From		Annual average
						Fourth Quarter 2000	Third Quarter 2001	2001 from 2000
PERSONAL INCOME	34,398	33,763	35,209	35,142	34,961	2.2	-0.2	3.5
Earnings By Place of Work	25,216	24,665	25,848	25,699	25,615	1.9	-0.6	3.9
Wage and salary disbursements	19,705	19,256	20,212	20,061	20,011	1.8	-0.7	3.9
Other labor income	2,874	2,799	2,964	2,978	2,942	3.6	0.5	5.1
Proprietors' income	2,636	2,609	2,672	2,659	2,661	0.9	-0.5	2.0
Farm proprietors' income	16	10	4	7	4	-56.3	75.0	-64.1
Nonfarm proprietors' income	2,620	2,599	2,668	2,653	2,658	1.3	-0.6	2.3
Dividends, interest, and rent	6,424	6,374	6,427	6,408	6,418	-0.2	-0.3	0.7
Transfer payments	4,150	4,089	4,383	4,476	4,362	7.9	2.1	6.7
Less: Pers. cont. for social insur.	1,392	1,365	1,450	1,439	1,434	3.4	-0.8	5.1
Earnings By Industry	25,216	24,665	25,848	25,698	25,614	1.9	-0.6	3.9
Farm Earnings	207	200	208	216	205	4.3	3.8	2.4
Nonfarm Earnings	25,009	24,465	25,640	25,482	25,410	1.9	-0.6	3.9
Private Earnings	17,624	17,183	18,044	17,724	17,855	0.6	-1.8	3.9
Ag. serv., forestry, fishing & oth	150	149	155	157	152	4.7	1.3	2.0
Mining	27	26	26	27	27	0.0	3.8	1.9
Construction	1,518	1,472	1,493	1,532	1,516	0.9	2.6	3.0
Manufacturing	784	756	792	770	797	-1.8	-2.8	5.5
Transport. and public utilities	1,965	1,937	2,052	1,910	2,003	-2.8	-6.9	3.4
Wholesale trade	882	871	850	812	849	-7.9	-4.5	-2.6
Retail trade	2,828	2,760	2,861	2,819	2,846	-0.3	-1.5	3.1
Finance, insur., and real estate	1,951	1,964	2,103	2,085	2,052	6.9	-0.9	4.5
Services	7,518	7,248	7,713	7,612	7,615	1.3	-1.3	5.1
Gov't and gov't enterprises	7,385	7,282	7,596	7,758	7,555	5.1	2.1	3.7
Federal	4,408	4,342	4,569	4,635	4,564	5.1	1.4	5.1
Federal, civilian	1,996	1,960	2,056	2,044	2,042	2.4	-0.6	4.2
Military	2,412	2,382	2,513	2,591	2,522	7.4	3.1	5.9
State and local	2,977	2,940	3,027	3,124	2,991	4.9	3.2	1.7

Source data for 1998 Q1 to 2001 Q3 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income,
 April 23, 2002, <<http://www.bea.doc.gov/bea/regional/sq/>> and tabulations by the Hawaii State
 Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,
ALL URBAN CONSUMERS (CPI-U)**
[1982-84=100]

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	3.0	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.7	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.3	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

BLS Public Access: <<http://146.142.4.24/labjava/outside.jsp?survey=cu>> accessed February 20, 2002.

BLS Hono CPI News Releases, <<http://stats.bls.gov/special.requests/sanfrancisco/cpihono.htm>> accessed February 20, 2002.

C. TAX REVENUES

First quarter 2002 State general fund tax revenues were down considerably from the first quarter of 2001. There was positive growth in the net individual income tax and net corporate income tax categories, but these gains were more than offset by a large decline in general excise and use tax receipts.

On November 14, 2001, responding to the decline in State tax revenue growth first seen in the second quarter of 2001 and accentuated by the attacks of September 11th, the Council on Revenues (COR) revised its forecast for the fiscal year downward from an increase of 4.1 percent to a decline of 0.7 percent. On March 14 and again on May 31, 2002, the COR reviewed the tax collections and economic conditions and maintained the projection of a 0.7 percent decrease for the fiscal year.

Tax revenues distributed to the State general fund were down 7.7 percent for the first quarter of 2002 over the first quarter of 2001 (Tables C-1 and C-2). It is possible that some of the revenue decrease can be attributed to the increased filing thresholds for withholding, GET, transient accommodations (TAT), and rental motor vehicle and tour vehicle surcharge tax returns granted by Act 8 of the 2001 Special Session. The Tax Department estimated that ACT 8 would allow 38,000 GET taxpayers, 8,000 withholding taxpayers, and 2,700 TAT taxpayers to file less frequently.

During the first quarter of 2002, the general excise and use tax (GET) revenues fell by 9.4 percent over the first quarter of 2001 (Table C-3). This decline was lead by a 12.4 percent drop in the tax base for the largest excise tax category, Retailing (Table C-14). A 22.9 percent drop in the tax base for

Hotel Rentals (Table C-17) and a 0.7 percent decrease in Contracting (Table C-16) also contributed to the overall decrease in GET revenues. The Services tax base partially offset these declines by increasing 2.4 percent over the first quarter of 2001 (Tables C-15).

Revenues from the individual income tax increased 0.2 percent in the first quarter of 2002 over the same quarter in 2001 (Table C-4). Net individual income tax revenue is the sum of four components. The largest component, Withholding Tax on Wages, decreased by 2.2 percent (Table C-7) compared to the first quarter of 2001. This decrease was balanced by a 3.2 percent decrease in Declaration of Estimated Taxes (Table C-5) and a 49.6 percent increase in Payment with Returns (Table C-6). A 1.0 percent increase in Refunds worked against a stronger overall increase in individual income tax collections (Table C-8).

Net corporate income tax revenue increased by 4.0 percent in the first quarter of 2002 compared to the year-earlier quarter (Table C-9). This reflects a substantial 45.5 percent increase in Declaration of Estimated Taxes - Corporate (Table C-10). This increase was moderated by a 28.2 percent decrease in Payment with Returns - Corporate (Table C-11) and a 138.9 percent increase in Refunds (Table C-12).

TAT revenue decreased 24.3 percent in the first quarter of 2002 (Table C-13). This decrease is related both to a decline in the average daily visitor census, which declined 8.8 percent in the first quarter of 2002, (Table D-1) and a decrease in average room rate.

Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
2001		1,660,764	1,100,317	48,269	3,172,251
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
2002	1 Qtr.	395,795	266,388	18,655	761,922
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
2001		3.1	1.8	-28.6	3.4
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0
2002	1 Qtr.	-9.4	0.2	4.0	-7.7

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment.

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.

Individual income tax rates changed effective January 1, 1999, 2001 and 2002.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

D. TOURISM

Hawaii's visitor industry continued to be negatively affected by the aftermath of the September 11th attacks in the first quarter of 2002. However, the situation has improved significantly as compared to the fourth quarter of 2001. In the first quarter of 2002, both the number of visitor arrivals and the average daily visitor census were still down substantially from the first quarter 2001, but were clearly recovering from the last quarter of 2001. Hotel occupancy rates remained well below 2001 levels, but were also improving.

The number of visitors arriving by air was down 11.0 percent from the first quarter of 2001 in the first quarter of 2002 (Tables D-1 and D-2). This is about 190,000 fewer visitors' arrival than in the first quarter of 2001. This is a substantial improvement, however, from the 24.4 percent drop in the fourth quarter of 2001.

Considering the origins of the visitors' flights, the number of travelers on domestic flights declined by 3.5 percent and the number on international flights fell by 23.7 percent comparing the first quarter of 2002 to the first quarter of 2001 (Tables D-3 and D-4).

Comparing visitors from different major market areas, the greatest absolute and relative decrease was in Japanese visitor arrivals, which decreased by about 108,000 or 24.2 percent from the first quarter 2001 to the first quarter 2002 (Table D-7). Visitor arrivals from Japan were already declining from the peak in 1997, but had held fairly steady in 2000. Arrivals declined in the first

two quarters of 2001, but the rate was accelerated by the events of September 11th. The ongoing decline was a product of the recession in the Japanese economy and the weakening Yen.

The U.S. West domestic market provided the brightest spot in the industry by increasing by 2.6 percent after three straight quarters of decline (Table D-5). Growth in U.S. East visitor arrivals continued to be negative at -8.1 percent over the period (Table D-6).

Average daily visitor census numbers were down 8.8 percent in the first quarter (Table D-8). By flight direction, average daily visitor census for domestic visitors was down 3.4 percent and it was down 22.1 percent for international visitors (Tables D-9 and D-10). The average daily census reflects both arrivals and length of stay. Average length of stay increased slightly for domestic visitors and was up 2.1 percent for international visitors (DBEDT Monthly Visitor Statistics).

Hotel occupancy rates also dropped, decreasing from 80.5 percent in the first quarter of 2001 to 70.8 percent in the first quarter of 2002 (Table D-11).

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,313,659	4,218,374	2,095,285	157,633	117,931	39,702
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001 1 Qtr.	1,723,659	1,079,762	643,897	177,763	126,539	51,225
2 Qtr.	1,685,391	1,129,685	555,706	161,193	120,800	40,393
3 Qtr.	1,642,014	1,083,222	558,792	159,938	119,044	40,895
4 Qtr.	1,262,595	925,705	336,890	132,114	105,560	26,554
2002 1 Qtr.	1,533,603	1,042,005	491,598	162,109	122,194	39,915
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.1	-5.1	-16.2	-6.5	-4.5	-12.2
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001 1 Qtr.	0.2	0.9	-1.0	1.1	1.5	0.1
2 Qtr.	-3.1	-3.1	-3.2	-2.2	-3.5	1.9
3 Qtr.	-9.7	-6.6	-15.2	-6.7	-5.6	-9.8
4 Qtr.	-24.4	-12.0	-45.5	-18.7	-10.5	-40.5
2002 1 Qtr.	-11.0	-3.5	-23.7	-8.8	-3.4	-22.1

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

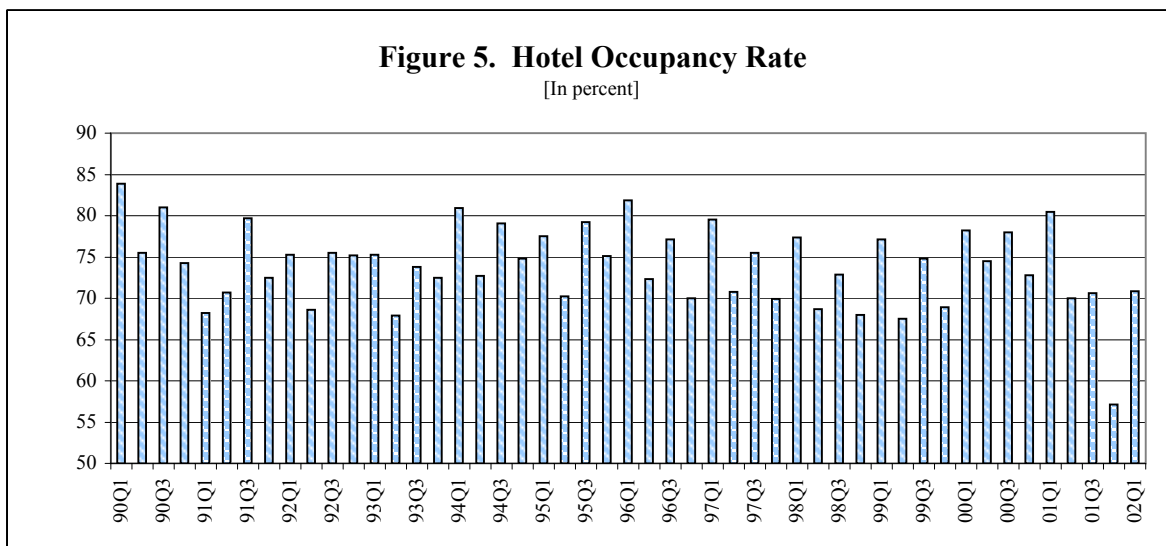
Table D-11. HOTEL OCCUPANCY RATE

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	72.8	76.0
2001	80.5	70.0	70.6	57.1	70.7
2002	70.8	(NA)	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC



E. CONSTRUCTION

Indicators of Hawaii construction industry activity were mixed in the first quarter of 2002. The contracting tax base decreased slightly while government contracts awarded increased in the first quarter of 2002 compared to last year's first quarter level. The value of residential building permit authorizations, which provides an indication of home construction activity in the near future, was down in the first quarter.

The contracting tax base, construction activity subject to the general excise tax, decreased by 0.7 percent from the first quarter of 2001 to the first quarter of 2002 (Table E-1). The contracting tax base is a proxy for completed construction.

Government contracts awarded were up moderately from last year, increasing 4.9 percent from the first quarter of 2001 to the first quarter of 2002 (Table E-1). State Capital Improvement Projects (CIP) were up last quarter by 0.8 percent over the first quarter of 2001 (Table E-11).

The value of residential building permit authorizations was down 0.9 percent statewide for the first quarter of 2002 (Table E-1). The number of single family unit authorizations was down 20.0 percent (Table E-2). Multi-family units authorized were up 134.8 percent, but account for a small share of the current market (Table E-3). Total private building permit authorizations for the State are not available for the first

quarter of 2002 because figures have not been reported for Maui or Kauai Counties. Honolulu's total private authorizations are down by 6.6 percent from the first quarter of 2001 and Hawaii County authorizations increased 34.5 percent (Table E-6).

Median sale price for single family and condominium resales in Honolulu both increased in the first quarter of 2002 over the first quarter of 2001. Single family median value was up 10.7 percent to \$310,000 (Table E-7) and the median Honolulu condo price was up 5.4 percent to \$137,000 (Table E-8). The number of single family units resold increased by 8.7 percent (Table E-9) while the number of condo unit resales was up 8.5 percent (Table E-9).

Construction jobs statewide increased in the first quarter compared to 2001. Construction jobs were up 0.4 percent from the first quarter of 2001 to the first quarter of 2002 (Table 1, Table A-7). Construction jobs continued to grow in Hawaii County (1.6 percent, Table 3), Maui County (3.4 percent, Table 4) and Kauai County (5.0 percent, Table 5). Construction jobs fell 0.9 percent in the City and County of Honolulu (Table 2).

The Honolulu Construction Cost Index for Single Family Residences increased by 5.5 percent over the first quarter of 2001 (Table E-4). The comparable index for high-rise buildings rose by 4.4 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001	3,766.4	1,558.8	855.5	329.1	374.2	715.7
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	360.7	184.5	96.6	79.6	178.0
2 Qtr.	918.4	410.8	221.5	77.9	111.5	175.7
3 Qtr.	893.2	410.5	245.7	68.3	96.4	113.1
4 Qtr.	1,034.3	376.8	203.8	86.3	86.7	248.9
2002 1 Qtr.	913.7	(NA)	182.9	(NA)	(NA)	186.8

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data onl

4/ Due to unavailability of 2002 data from Maui and Kauai County, data are from U.S. Census Bureau.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,
NEW PRIVATE BUILDING AUTHORIZATIONS, AND
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	3.1	6.9	33.7	-19.7	-11.7
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	2.5	-9.2	57.6	-8.8	-18.0
2 Qtr.	5.7	4.6	13.6	6.9	-10.9	81.9
3 Qtr.	-0.2	8.8	20.4	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.5	3.0	63.3	-37.9	170.3
2002 1 Qtr.	-0.7	(NA)	-0.9	(NA)	(NA)	4.9

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

F. OTHER INDICATORS

Hawaii bankruptcy filings declined in the first quarter of 2002 over the first quarter of 2001. This was the first such decrease in bankruptcies in Hawaii in over a year. Both Chapter 11 and Chapter 13 filings rose, but the decrease in Chapter 7 filings outweighed the increase in the two smaller categories.

The total number of bankruptcy filings decreased by 5.3 percent in the first quarter 2002 compared to the first quarter of 2001 (Table F-1).

Chapter 7 filings established the overall trend for bankruptcies in the first quarter of 2002 by decreasing by about 90, or a decrease of 7.9 percent. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start.

Chapter 11 filings increased from 5 filings in the first quarter of 2001 to 8 filings in the first quarter of 2002 for an increase of

60 percent. Chapter 11 filings involve the structuring of repayment plans for companies.

Chapter 13 filings increased 19.8 percent in the first quarter of 2002 over the first quarter of 2001. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors.

The decrease in Hawaii bankruptcy filings ran counter to the increase in filings for the nation as a whole. U.S. bankruptcy filings increased 3.3 percent from the first quarter of 2002 compared with the first quarter 2001. The twelve month period ending March 31, 2002 was the worst twelve month period on record for U.S. bankruptcies, up 15.5 percent to a little over 1.5 million. Quarterly U.S. bankruptcy statistics can be found at:

http://www.uscourts.gov/Press_Releases/cy302bk.pdf

Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)

